



Iron Ore Offshore Intraday Technical

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Iron Ore Offshore Oct 25 Morning Technical Comment—240 Min Chart Technical



Support		Resistance		Current Price	Bull	Bear
S1	102.63	R1	104.35	105.85	Stochastic oversold	RSI below 50
S2	101.67	R2	105.81			
S3	100.05	R3	107.65			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 34 - 55 period EMA's
- RSI is below 50 (35)
- Stochastic is oversold
- Price is below daily pivot level USD 104.35
- Unchanged on the technical on Thursday, the remained just below the EMA support band which was flat, indicating we lack directional bias. Elliott wave analysis continued to suggest that downside moves should be considered as countertrend, making USD 102.63 the key support to follow. If broken, then the probability of price trading to a new high would start to decrease. As noted previously, we had a note of caution on upside breakouts above USD 107.65, as the futures would be in divergence with the RSI. Not a sell signal, it warned that we could see a momentum slowdown. Near-term price action was neutral; however, we noted that the Bollinger band had contracted, implying volatility was decreasing. John Bollinger noted that low volatility begets high volatility, warning the futures could be readying for a breakout. In theory, this should be to the upside, but the technical suggested caution above USD 107.65 due to the divergence.
- The futures did see a volatility breakout; however, it was to the downside, resulting in price selling below all key intraday moving averages. The RSI is below 50 with price and momentum aligned to the sell side.
- A close on the 4-hour candle above USD 104.35 with the RSI at or above 47 will mean price and momentum are aligned to the buy side. Downside moves that hold at or above USD 102.63 will support a bull argument, below this level the technical will have a neutral bias.
- Technically the futures remain in bullish territory, as price has tested but remains above the USD 102.63 support; if broken, then the probability of price trading to a new high will decrease, increasing the probability of the bullish intraday Elliott wave cycle failing. We are below the intraday 200-period MA (USD 104.45) whilst the MA on the RSI implies that momentum is weak, leaving support levels vulnerable. Upside moves that fail at or below USD 105.81 will warn that there is further downside within this corrective phase. Price is finding support on an intraday 1-hour divergence, warning sell side momentum could slowdown; however, the USD 102.63 support is still vulnerable at this point. The technical is weakening, meaning support levels remain vulnerable, making USD 102.63 the key level to follow.

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